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House of Representatives

Mr. TERRY. Madam Speaker, I rise today to introduce the Parents' Tax Relief Act of 2007 to strengthen families and empower parents in providing the best possible care for their preschool children. Senator Sam Brownback is introducing similar legislation in the Senate today.

This comprehensive legislation will enact family-friendly tax policies to provide parents with more child care options. It will end the long-standing inequity in the tax code that encourages daycare above stay-at-home parenting. It will also help parents spend more time with their children by encouraging flexible employment opportunities such as home-based businesses and telecommuting jobs, while ensuring that parents who take time out of the workforce to care for their children will not be penalized under the Social Security system.

Congress should recognize and support the incredible sacrifices parents make to raise their children. I have heard from Nebraska families who struggle to make ends meet so one parent can stay at home and provide the love, care and attention that every child deserves. The high Federal tax burden, which falls most heavily on the middle-class, has unfortunately made this option extremely difficult, if not unreachable, for many families. Congress has helped this situation with common-sense measures such as the child tax credit, but more should be done.

In addition, many parents need to remain in the workforce for financial or other reasons. Flexible work opportunities such as operating a home-based business or full-time or part-time telecommuting would empower working parents to spend more quality time with their children.

Parents perform a tremendous balancing act between work and family responsibilities. It can be difficult for families to survive without a second income. While the second earner's income in a family can go toward daycare costs and work-related expenses such as dry-cleaning bills and gasoline, it can also support necessities such as grocery bills, medical expenses and savings for a child's future education. Parents should be empowered with greater options for raising a family on a limited income, whether one or both parents are in the workforce.

The legislation that I am introducing today addresses the needs of modern families while empowering parents with greater choices. Greater tax relief will make it a more realistic option for parents to stay at home with their little ones in the early formative years that are so crucial to children's physical, mental and emotional development. In addition, parents would have greater opportunities for "split-shift" parenting and other options to ensure their children have the best possible care and time together as a family.

It is clear that parents want these options. A comprehensive study on balancing work and family, which was conducted by four major charitable foundations, found that 70 percent of parents believe the best arrangement for the care of young children is to have one parent at home. In a parenting survey done for Warner Books, 87 percent of mothers said they would stay at home to raise their children if they could afford it. The Family and Work Institute reported that 70 percent of working parents feel they lack enough time with their children, and nearly two-thirds of all workers would reduce their work hours by an average 11 hours a week if they could.

In addition, 62 percent of parents with preschoolers want policymakers to concentrate on making it more affordable for a parent to stay at home during a child's first few years than on improving the quality and affordability of day care. In fact, 53 percent of parents preferred direct tax cuts to stay-at-home-parents, while only 1 in 3 (33 percent) would cut costs for families using day care. Members of Congress should trust in the judgment of parents, especially regarding the care of preschool children. The Parents' Tax Relief Act, which I am introducing today with more than a dozen original cosponsors, contains seven major tax improvements to empower parents and strengthen families in America:

First, this legislation extends the Dependent Care Tax Credit to parents who choose to be at home with their children. Established in 1954, this credit currently allows families to claim up to 35 percent of \$3,000 in documented, non-parental child care costs, and 35 percent of \$6,000 in day care expenses for two children. Families who make the financial sacrifice to have one parent stay at home for their children should also benefit from this tax credit.

Second, the Parents' Tax Relief Act will make the \$1,000 child tax credit permanent and index it to inflation to retain its long-term value. This tax relief is critical for Nebraska families with dependent children.

Third, this legislation doubles the personal income tax exemption to half of its original 1948 value, from \$3,300 to \$5,000. From 1948 to 1963 when this exemption was equivalent to \$10,000 in today's inflation-adjusted dollars, America witnessed a "marriage boom," a "baby boom," and a decline in the divorce rate. There is evidence suggesting these outcomes were significantly advanced by Federal tax policy to strengthen families. Doubling the personal income tax exemption provides critical support to families with children, as well as elderly or disabled dependents.

Fourth, the Parents' Tax Relief Act eliminates the marriage tax penalty once and for all. This penalty discourages the sacred institution of marriage by unfairly taxing married couples filing jointly at a higher rate than two single individuals earning the same income. The 2001 tax cut law reduced this penalty by doubling the standard deduction for joint filers, and doubling the size of the 15 percent tax bracket for married couples. Unfortunately, these reforms will expire by 2010, along with the rest of the tax cuts enacted by Congress. The Parents' Tax Relief Act of 2007 will extend marriage tax relief to all tax brackets to prevent the government from discouraging marriage or forcing both parents into the workforce. It will also end the marriage penalty in the tax deduction for student loan interest, which currently limits married couples filing joint returns to a \$2,500 deduction, even though \$2,500 is the amount each spouse holding student debt could have claimed while single.

Fifth, this legislation will support parents who operate a home-based business. The bill establishes a standard home-office tax deduction to replace complicated IRS regulations that prevent many small

business owners from deducting legitimate expenses. The Congressional Budget Office estimates that nine million of the 17.3 million small business in the United States are home-based, and 55 percent are operated by women. Many home businesses are started to provide a secondary income, which is very helpful to families with children.

Sixth, the Parents' Tax Relief Act of 2007 encourages telecommuting. It will create a Telecommuting Tax Credit allowing employers to deduct a portion of a telecommuting employee's wage for income tax purposes. It will also allow individuals to exclude from income the value of employer-provided computers and related equipment necessary for work from home, including critical related services such as broadband Internet connection. Telecommuting is one way mothers or fathers can stay at home with their children while still contributing to family income.

Finally, the Parents' Tax Relief Act protects the Social Security benefits of women or men who choose to stay at home with preschool children. When a parent leaves the workforce to be at home with a child, the family's finances may not only suffer, but career opportunities and future earnings potential may be diminished. Parents who stay at home to care for children during prime working years may also jeopardize their future Social Security benefits.

The Parents' Tax Relief Act of 2007 recognizes the realities parents face by allowing up to ten years of flexible Social Security employment credits for parents who stay at home to raise children age six and under. Public policy should safeguard stay-at-home parenting as valuable work that contributes to the character and security of our Nation.

These seven tax improvements will empower parents and strengthen families. The Federal Government must expand choices for parents with children. The Parents' Tax Relief Act of 2007 will address the needs of modern families, including those who want to stay at home with their children without decimating their family finances, and those who want to continue working and contributing to family income while spending more time with their children.

I urge my colleagues to support choices for families by cosponsoring the Parents' Tax Relief Act of 2007 today.